

BEFORE THE
DEPARTMENT OF TRANSPORTATION
WASHINGTON, DC

DEPT. OF TRANSPORTATION
DOCKETS

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2001 U.S.-ARGENTINA COMBINATION
SERVICE PROCEEDING

Docket OST-2001-10198 - 5

1999 U.S.-ARGENTINA COMBINATION
SERVICE CASE

Docket OST-1999-6210 - 362

Application of
CONTINENTAL AIRLINES, INC.
for an exemption pursuant to 49 USC 40109
(New York/Newark-Buenos Aires start-up delay)

Docket OST-2001-9853 - 21

Applications of
DELTA AIR LINES, INC.
and
AMERICAN AIRLINES, INC.

Docket OST-2001-9984 - 10

Docket OST-2001-10008 - 10

Under 49 USC 41102 and 41108 for certificates
of public convenience and necessity and/or
allocation of frequencies

ANSWER OF THE
DALLAS/FORT WORTH INTERNATIONAL AIRPORT

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July 25, 2001

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ANSWER OF THE
DALLAS/FORT WORTH INTERNATIONAL AIRPORT

The Dallas/Fort Worth International Airport ("DFW Airport") answers in opposition to the Petition for Reconsideration filed by Continental Air Lines, Inc. ("Continental") on July 23, 2001.

1. Continental asks the Department to reconsider its decision in Order 2001-07-12 to deny Continental an exemption to delay the start-up of its Newark-Buenos Aires authority, and instead to institute a gateway/carrier selection case to reassign the seven U.S.-Buenos Aires frequencies available December 1, 2001. Essentially Continental makes two arguments in

support of its Petition. First, Continental claims that the applicant carriers are losing money and seek the available Argentina frequencies solely to block Continental. Second, Continental claims that the Department should treat Continental as an applicant, and consider the merits of its one-year delayed Newark proposal versus the merits of the other carriers' proposals for service effective in December 2001. Continental Petition, pp. 1-2. Both arguments lack merit and Continental's petition should be denied.

2. That American, Delta and United may be losing money and curtailing service on some routes, while proposing to offer new U.S.-Buenos Aires service, is not because each seeks to block Continental's entry into the Argentina market. Rather it reflects the fact that each of these carriers believes that (unlike Continental) it can operate a new Buenos Aires service from the selected U.S. city profitably over the long run. In the case of American's DFW-Buenos Aires proposal, with which DFW Airport is most familiar, this is almost self-evident. American operates its major U.S. hub at DFW, with over 750 daily departures, and it already operates daily nonstop flights most successfully from DFW to four other South America cities – Sao Paulo, Caracas, Santiago and Lima. These flights all experience high load factors. Both DFW Airport and American are confident that American's proposed service in the larger DFW-Buenos Aires market will be similarly successful.

3. Continental while intimating that carriers should avoid new international services in this time of "huge losses" is itself starting up new international service. Just this week Continental announced that it would resume a second daily nonstop flight between Newark and Tel Aviv. See Attachment 1.^{1/} While Israel may not be experiencing the same "dreadful

^{1/} In addition, Continental recently launched nonstop Newark-Hong Kong flights.

difficulties” as Argentina, Continental Pet. at 2, the continued conflict there has had an obvious impact on the Israeli economy and inbound tourism. Some might question the wisdom of a second Newark-Tel Aviv frequency under these circumstance. The point is that where Continental finds an opportunity in the current economy for new flights to Israel, American finds an attractive opportunity for new service between DFW and Buenos Aires.

It is not that other carriers are seeking to “block” Continental in Argentina; it is that Continental is finding its new international opportunities elsewhere! Continental gave up voluntarily its opportunity to serve Argentina; the Department correctly denied Continental’s request for a start-up exemption.

4. Continental’s second argument is equally invalid. To the extent that Continental wants the merits of its Newark proposal for 2002 compared with the proposals of American and the other contenders, Continental should file an application on July 30. The Department’s Instituting Order leaves open the opportunity for Continental – and other carriers – to file competing applications. Order 01-7-12, Ordering Paragraph 4. While the Department has clearly stated a preference for December 2001 service proposals (“we are prepared to entertain only applications for services that will commence this December,” *Id.*, p. 5), Continental is certainly free to argue that the Department should modify its preference if it finds the relative merits of Continental’s delayed Newark start-up proposal more attractive than the proposal of American at DFW, or those of the other applicants, for a December 2001 service start-up. There is no need for the Department to grant Continental’s Petition in order for Continental to have an opportunity to file an application and have its proposal considered in this gateway/carrier selection case.

For the reasons stated above, DFW Airport urges the Department to deny Continental's
Petition for Reconsideration.

Respectfully submitted,

A handwritten signature in black ink that reads "Michael Goldman". The signature is written in a cursive, flowing style.


Michael F. Goldman
SILVERBERG, GOLDMAN & BIKOFF, LLP


Counsel for
Dallas/Fort Worth International Airport

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Monday July 23, 1:50 pm Eastern Time

Press Release

SOURCE: Continental Airlines, Inc.

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Continental Airlines to Resume Second Daily New York/Newark-Tel Aviv Service

NEW YORK, July 23 /PRNewswire/ -- Continental Airlines (NYSE: CAL - news) announced today that it will resume its second daily non-stop service between New York/Newark and Tel Aviv effective May 1, 2002 eastbound.

Continental suspended the operation of the second daily service on the route in November 2000.

The second daily flight, CO84, will depart New York/Newark daily at 5:25 p.m., arriving in Tel Aviv at 11:00 a.m. the following day. The return flight to New York/Newark, CO85, will depart Tel Aviv on May 2 at 1:00 p.m. and arrive in New York/Newark at 6:10 p.m. the same day. The flight time is approximately 12 hours westbound and 10 hours eastbound.

Like the existing daily service, the new flights will be operated by the state-of-the-art Boeing 777, which carries 283 passengers -- 48 in the award-winning BusinessFirst cabin and 235 in coach.

"We are very pleased to be reinstating the second daily flight on the New York-Tel Aviv route," said Barry Simon, Continental's Senior Vice President - International. "Thanks to the quality and consistency of our service and the hard work of the Continental teams in Newark and Israel, we have continued to be successful in the Israeli market despite the fluctuations in demand and increased competition."

News of reinstatement of the second daily flight coincides with Continental's second anniversary of service to Israel. The airline started service to Israel on August 2, 1999.

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<http://biz.yahoo.com/prnews/010723/dam046.html>

7/24/01

CERTIFICATE OF SERVICE

I certify that I have this date served the foregoing document on all parties listed on the attached service list in accordance with the Department's Rules of Practice.

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Michael F. Goldman

July 25, 2001

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